Foreign Agriculture

April 10, 1978

Foreign
Agricultural
Service
U. S. DEPARTMENT
OF AGRICULTURE

2 Argentina: Farm Exporter On the March

5 Tokyo-Osaka Food Shows

6 Three Nations Top Mideast/North African Soy Purchases

8 Growth of Brazilian Poultry Industry May Affect U.S. Exports

A country grain elevator in Argentina.

Argentina: Rising South American Agricultural Exporter

Argentina's return to the free market system in 1976, together with some of the best weather in history, has infused new life into the nation's farm production and trade. As a result, Argentine farm exports have risen some 70 percent since 1975, and—despite an expected pause in 1978—appear likely to resume their strong growth in the near future.

Argentina—dependent on agriculture for 75 percent of its export earnings—has boosted its agricultural exports sharply in the past few years and with a competitive thrust that hits directly at many U.S. farm products. Among them: Wheat, corn, grain sorghum, soybeans and products, other oilseed products, deciduous fruit, cotton, and tobacco.

This trade growth—some 70 percent between 1975 and 1977 to a record $3.8 billion—could level off temporarily in 1978, since Argentine farmers have reduced wheat plantings in response to low world prices, and weather in 1977/78 has not matched the exceptionally good conditions of 1976/77. But with farmers now enjoying the advantages of a free market, the country holds the potential to make further strong export gains in coming years, according to James P. Rudbeck, until recently U.S. Agricultural Attaché, Buenos Aires.

By Beverly Horsley, Associate Editor, *Foreign Agriculture*.

Rudbeck sees the country's agricultural export earnings possibly slipping slightly or leveling off in 1978 following their strong gains in the 2 preceding years. However, even this will be enough to place Argentina among the top 10 agricultural exporters and rank it even higher in world grain and oilseed trade.

For instance, Argentina last year exported enough grain and grain products—about $1.5 billion worth in 1977—to rank fourth worldwide in wheat exports and second next to the United States in coarse grain trade. Likewise, it is the No. 2 beef and veal exporter next to Australia; the world's largest exporter of sunflowerseed and flaxseed meals and tung oil; and the third largest shipper of soybeans and products next to the United States and Brazil.

Last year, according to Rudbeck, the country's top agricultural exports were grains and grain products, at $1.5 billion; meat and other livestock products, $1 billion; oilseeds and products, $700 million; and miscellaneous agricultural exports (cotton, tobacco, fruits, vegetables, sugar, honey, and tea), $600 million.

For many of these commodities, Argentina is directly competitive with the United States, particularly in Western Europe, but also in Eastern Europe, Latin America, and some parts of the Far East.

Rudbeck said that Argentine exporters often undersell the U.S. trade. "The farmers and export trade have to sell. They lack storage facilities, as well as the financial institutions to enable them to carry crops from one year to the next."

He said that the country's high inflation rate has boosted the cost of borrowing money to 10-12 percent a month. This has made farmers less likely to hold commodities and more amenable to accepting a lower price at harvesttime.

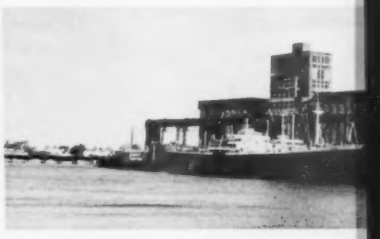
Naturally, in times of low world prices—like those recently seen for grains—such a situation works against the farmers, with considerable shifting in and out of crops in anticipation of changes in world prices.

Rudbeck said that Argentine farmers also hedge their losses by diversifying. "They tend to have some grain, oilseeds, and cattle," said Rudbeck, rather than specializing as is often the case in the United States. He added that diversification also is very important for soil fertility and other rotational considerations, since fertilizer is expensive and may not be very effective on much of the Argentine Pampas, where weather is so variable.

Larger scale production than in the United States also helps make up for scanty per-hectare returns. The average farm size is just under 400 hectares, according to Rudbeck, compared with about that same figure in acres in the United States. In other words, holdings there are roughly 2½ times those in the United States.

Such farmers have managed to survive the many years of low domestic farm prices and Government control of export sales that derived from Juan Peron's policies in the 1940's of shifting wealth from agriculture to industry or from rural to urban areas. But those policies—continued by succeeding Governments until the present regime came to power—did dampen farmer enthusiasm and kept the country from living up to its agricultural potential.

All of this changed in 1976, when the present Gov-

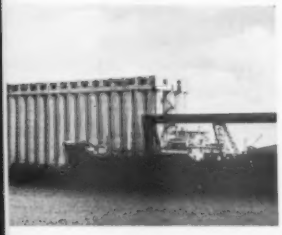


ernment came to power and almost immediately began shifting over to a free enterprise system. "At the time of the coup in March 1976, the Government was virtually bankrupt," said Rudbeck. Its one big hope was to push agricultural exports, which was accomplished over the next 12-18 months as the Government monopoly on trade in wheat, corn, grain sorghum, and sunflower was abolished and its extensive control of beef and veal exports was relaxed.

The major changes that occurred included the reduction of export taxes, which at various stages had been as high as 50 percent; unification of exchange rates (differential exchange rates had discriminated against farm products); elimination of the Government's monopoly role in grain and other commodity trade; and elimination of retail price controls.

"These factors combined caused farmers to became very optimistic about future price levels," said Rudbeck, and in 1977 they increased their planting of crops by 10 percent. The resulting crop output rose by about a third as the country experienced some of the best weather on record.

Because of such circumstances, export showings in the past 2 years have been impressive. Exports of beef in 1976 doubled those of 1975, while value of agricultural exports rose 33 percent in 1976 and another 30 percent in 1977. These gains allowed Argentina to become a major factor in world wheat trade for the first time in many years and an important competitor in the world soybean market. Exports of grains hit a record 15.8 million tons last year with wheat up to 5.6



Clockwise from immediate left: Gaucho working cattle in the Pampas; a country elevator similar to ones in the United States; a slaughter plant that produces both for domestic consumption and export; a tilled field in the Pampas; and an export elevator.

million from only 1.8 million 2 years earlier and corn and grain sorghum also showing strong growth.

Of course, operating in a free market also carries its risks, as farmers have discovered during the past year of low world prices for wheat and other grains. As a result, grain production in 1978 is likely to fall about a fifth below the record of 1977, and exports may decline some 4 million tons.

Wheat, in particular, suffered from farmer dissatisfaction with low prices. Production fell 50 percent below the 11 million tons of 1977 to 5.2 million tons as reduced yields from the exceptional 1977 levels aggravated a 35-percent reduction in area.

"... operating in a free market also carries its risks, as farmers have discovered during the past year of low world prices for wheat and other grains."

Earlier, corn and grain sorghum crops had been forecast to come in below those of 1977 since yields were not expected to hold at their exceptionally high levels of that year. Late information indicates, however, that yields may not be too different, as conditions have been highly favorable again this season. And with area above that of last year, corn production is forecast at 9 million tons, compared with 8.3 million estimated for 1977, and grain sorghum, at 6.5 million (6.6 million).

Exportable supplies of corn in 1978/79 thus could reach 5.8 million tons, 700,000 more than is estimated to have been shipped during the season that ended March 31, and those of sorghum could about equal the 4 million tons shipped in 1977/78.

Grain sorghum in particular is a fast growing and promising crop—the grain of the future, according to Rudbeck. "Farmers have been very successful with sorghum," said Rudbeck. "It comes through in years when corn does not, is much more adaptable to the Argentine variances in weather, is compatible with livestock production, and could move ahead of corn sometime in the future."

Already, in fact, Argentina is the world's second largest exporter of grain sorghum next to the United States.

Oilseeds also have been doing unusually well this year, having benefitted indirectly from the low wheat prices. With farmers shifting from wheat to oilseeds, total plantings in 1977/78 are reported up 20-25 percent, and output may increase about a fifth from last year's to a new record of more than 4.6 million tons. This is about double output in 1974/75 and more than double that at the turn of the decade, largely reflecting the rapid expansion in Argentine soybean production. That crop has grown from just 78,000 tons in 1971/72 to 1.4 million in 1976/77, and another sharp gain to 1.8 million tons is seen for 1977/78.

So rapid has been this expansion, in fact, that some observers have begun to draw parallels between the Argentine and Brazilian crops, the latter of which shot from 1.5 million tons in 1970 to 12 million in 1977. Argentina has managed to take third place in world soybean exports as a result of this growth, while soybeans have become its No. 1 oilseed crop in terms of volume produced.

But Rudbeck said that chances of carrying this expansion as far as Brazil did are slight. Unlike Brazil, Argentina does not have vast areas of unexploited land that can be put into production. (While some new lands in northern Argentina may eventually be put into soybeans, this is expected to take time and favorable price levels.) "Basically, production growth will depend upon the relative corn/soybean price ratio," said Rudbeck.

One change that has resulted is a farmer shift to growing soybeans as a main crop, rather than a second crop in rotation with wheat. "At one time," said Rudbeck, "about 70 percent of it was planted as a second crop to wheat."

He added that Argentina's ability to compete in world soybean markets has been enhanced by the Government's liberalization of exports to allow shipments of oilseeds as such, starting in 1978, rather than just oil and meal, as in the past. Argentina exported 620,000 tons of soybeans last year under a special export authorization, but expects to ship 1 million in 1978, compared with no listed exports prior to 1976. Soybean oil shipments are expected to hold at last year's 60,000 tons, while soybean meal shipments dip to 190,000 from 270,000 in 1977.

So far, these exports have moved largely to Western Europe.

Sunflowerseed—still the most extensively sown oilseed in Argentina—also is on the rise this year as a result of farmer dissatisfaction with grains and better weather conditions so far than in 1976/77. Rudbeck forecasts that 1977/78 production will rise to 1.4 million tons from 900,000 the year before. As a result, exports of sunflowerseed may be around 100,000 tons against none in previous years; sunflowerseed meal, 450,000 tons (360,000); and sunflowerseed oil, 150,000 tons (100,000).

Flaxseed production likewise may hit a record of around 750,000 tons in 1978 in the wake of a 30-percent increase in area.

Another crop that has been doing unusually well is cotton. A new record of 895,000 bales (480 lb net)

Continued on page 9

Views of the Japanese processed food shows where U.S. consumer-ready products were discussed and sampled.

U.S. Shows Geared to Japanese Food Trade

Fifty-five U.S. food companies displayed products in Osaka, Japan, February 28-March 4, followed by a similar but smaller exhibit in Tokyo the succeeding week.

Held in the municipal exhibition hall in Osaka and the U.S. Trade Center in Tokyo, the "back-to-back" food-promotion shows were hailed by U.S. Ambassador Mike Mansfield as one logical followup to the Strauss-Ushiba communique, which recognizes the need for improving trading possibilities.

"Specifically," the Ambassador said, "these shows are designed to keep the Japanese trade—and ultimately the consumer—abreast of the wide range of high quality fresh and processed foods available from the United States on a continuing basis. The consumer-ready items being exhibited account for a sizable share of total U.S. agricultural shipments to Japan, but we know the potential is much greater."

The communique to which the Ambassador referred was issued January 13 by Robert Strauss, U.S. Special Representative for Trade Negotiations, and Nobuhiko Ushiba, Japanese Minister of State for External Economic Affairs. Its release climaxed a series of bilateral talks regarding expansion of trade, including liberalization of Japanese agricultural imports.

In opening the Tokyo show, the U.S. Ambassador said that the two events provided "an opportunity for Japanese food industry tradesmen to discuss with the exhibitors and sellers of U.S. food items at the shows, ideas and suggestions that might facilitate trade to the mutual benefit of the two countries."

Invitations to the events, which attracted more than 6,000 Japanese tradesmen, were limited to food company officials, hotel and restaurant buyers, and other purchasing executives.

Japan is the largest single country export market for U.S. farm products, accounting for $3.9 billion in purchases in calendar 1977. Most of these shipments were bulk commodities such as U.S. grains, soybeans, and cotton. Some 10 percent of the value of U.S. exports to Japan were made up of processed and consumer-ready items such as those featured at the Osaka and Tokyo expositions.

Dudley G. Williams, U.S. Agricultural Attaché in Tokyo, emphasized that the USDA, in cooperation with private U.S. firms and associations, is trying to expand Japanese purchases of consumer-ready items, as well as Japan's imports of U.S. bulk commodities.

Twenty-one States were represented in the Osaka exposition and 17 in the Tokyo show. California led with 11 exhibitors and second was Minnesota with five. Other States included Washington, Michigan, Colorado, Missouri, New York, Pennsylvania, Iowa, Massachusetts, Texas, Utah, Illinois, Arkansas, Oregon, New Jersey, Montana, Wyoming, Nebraska, and North and South Dakota.

The two shows took advantage of each city's unique trading position. Osaka is known as the industrial and business capital of western Japan, is the hub of the Kansai area, and includes the heavily populated commercial districts surrounding Kyoto and Kobe.

Tokyo, the nation's capital for over 100 years, occupies a strong position as the source of critical purchasing decisions, both commercial and Governmental.

In Osaka, 12 companies exhibited fruits and nuts; 10 showed fresh, canned, and frozen vegetables; and nine featured meat products. Poultry products, shown by seven companies, attracted a great deal of attention, as did a variety of seafoods, soy products, snacks, and other specialty items. Participation was limited in Tokyo because of restricted space, but the exhibition there displayed the same basic product mix.

Both shows were sponsored by USDA's Foreign Agricultural Service in cooperation with private food companies and U.S. agricultural associations and with the Japan External Trade Organization (JETRO). This is the first time that major U.S. food-promotion shows have been mounted in successive weeks in different parts of Japan. □

Three Nations Lead Mideast/North African Buying of Soy Products

By Frank J. Piason

This is the second of a two-part series on U.S. exports of soybeans and products to the Middle East and North Africa. The first article, in the April 3 issue of *Foreign Agriculture*, looked at export results and market development programs for soybeans and soybean products.

Three countries—Iran, Egypt, and Morocco—took more than 80 percent of the record $100.6 million worth of U.S. soybean and product exports to the Middle East and North Africa last year. But rapidly growing incomes and populations, alongside burgeoning poultry and livestock industries, suggest that there is a reservoir of untapped buying power in many of the 16 other nations of the region.[1]

Indicative of the potential was the opening for the first time last year of a sizable soybean meal market in Libya; the first sales in several years of soybean meal to Jordan, and partial recovery in shipments to Lebanon following reductions incurred as a result of that country's civil war.

Following are profiles of some of the more important markets in the region.

Iran. U.S. exports of soybeans and products to this largest market in the region totaled $44.3 million in 1977—a 35 percent increase over 1976's, but still 22 percent below the high mark of 1975. Soybean oil, the most important export, gained 7 percent from the 1976 level to $32 million but still was 27 percent below the 1975 record, owing largely to a bumper domestic oilseed crop. Soybean meal was next at $12.3 million, followed at a distance by $11,000 worth of soybeans.

Although it produces cottonseed (about 335,000 tons in 1976/77) olive oil, and some soybeans, the country still must import 75-80 percent of its vegetable oil needs. These imports totaled 240,000 tons in 1976/77, and are forecast to reach 290,000 tons in 1977/78, of which 260,000 tons would be crude soybean oil. The country has 10 large vegetable oil refining plants, and a total oil refining capacity of about 728,000 tons.

Vegetable oil consumption in the form of hardened vanaspati ghee is expanding by about 10 percent a year. This, plus periodic shortages of shortening—the cooking aid most favored by Iranian consumers—indicates a strong usage of soybean oil.

Among oil meals, Iran is expected to import 80,000 tons of soybean meal and 20,000 of cottonseed cake and meal during 1977/78. The rapidly expanding poultry industry will require greater availability of feeds.

Iranian industry is investing in soybean storage facilities and has expanded soybean processing and soybean oil refining capacity.

There also is some potential for market development efforts aimed at increasing the proportion of soybean meal in feed at the expense of fishmeal and cottonseed meal.

Soy protein ultimately might be used in the school lunch program, which feeds 6 million children a year. Although initial test runs with some experimental soy foods containing large amounts of textured vegetable protein were not popular, cakes and biscuits with a 6-10 percent soy protein content are meeting with greater success.

One poultry feed company is reportedly considering making textured soy protein products and would work with outside investors. There also is some interest in processing lecithin.

A soy protein consultant visiting Tehran in September 1977 reports that market decisions will be made in part on the basis of recommendations of the Institute of Nutrition and Food Technology.

Egypt. With its large and growing population—about 38 million—Egypt has one of the brightest long-term market potentials in the region. Foreign currency shortages and vast development needs also make it a prime candidate for food aid, including soybeans and products.

Last year, U.S. soybeans moved to Egypt for the first time since the 1950's reflecting the coming on stream in early summer of the first new crushing plant in the free trade zone of Alexandria. With this plant running the whole of 1978, chances are good for increasing U.S. soybean exports beyond the 42,032 tons in 1977. The plant also reportedly handles bagging

Formerly an agricultural marketing specialist in Foreign Market Development, Oilseeds and Products, FAS, the author is being reassigned as U S. Agricultural Attaché in Rabat, Morocco.

[1] These countries include Iran, Egypt, Morocco, Libya, Lebanon, Saudi Arabia, Iraq, Algeria, Tunisia, Kuwait, Jordan, Bahrain, Yemen, Sudan, United Arab Emirates, Oman, Syria, South Yemen, and Qatar. Israel—a major U.S. soybean and products market in the Middle East—is not covered as it is included with West European countries for market development programs.

of imported soybean meal.

The United States sold 25,122 tons of soybean meal to Egypt in 1977, up 60 percent from the previous year's and the second consecutive sharp annual increase. Given the country's shortage of animal protein and the Government's push to boost domestic beef and poultry output, the country is likely to continue importing soybean meal for feed in addition to soybeans for crushing.

U.S. soybean oil exports to Egypt were 4,690 tons in 1977, a sharp increase over shipments in 1976 but small in proportion to those from Brazil. (In 1975, the latest year for which statistics are available, Brazil exported 35,500 tons of soybean oil to Egypt.)

All told, Egypt needs about 320,000 tons of vegetable oil a year and must import around 75 percent of this. The country also suffers from a chronic shortage of edible oils, butter and butter oil, and vegetable shortening and rations edible oil use at three-fourths liter per person per month. The Egyptian market thus is thought capable of consuming at least twice the quantity of vegetable oil now available.

Only 20 tons of U.S. vegetable protein moved to Egypt in 1977. However, the Ministry of Health is continuing its nutritional evaluation of Egyptian foods and has shown interest in fortifying bread and snacks used in the school lunch program.

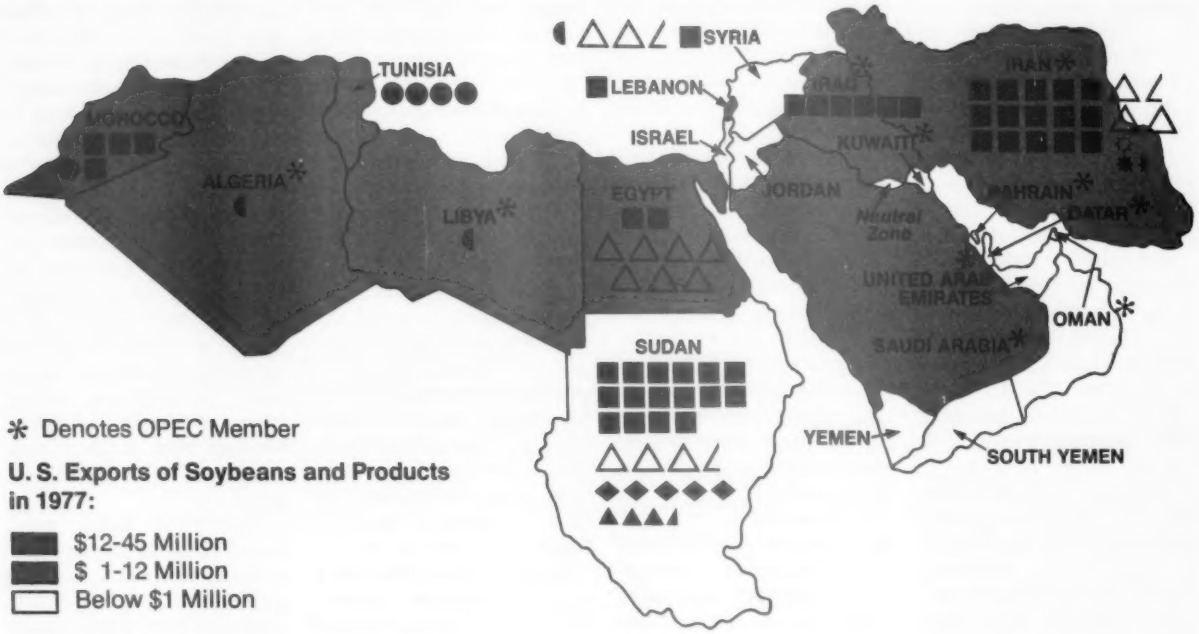
Morocco. A steadily growing U.S. market, Morocco in 1977 took 38,509 tons of U.S. soybeans to rank as second largest soybean market in the region. The reopening of the large Government SIGO oil mill at Kenitra in 1976, with a 120,000-ton annual capacity, cleared the way for more imports.

Morocco also was the second largest U.S. soybean oil market in the region in 1977, with purchases of 5,355 tons.

About two-thirds of the estimated 175,000 tons of oil imported in 1977 was in the form of soybean oil. Much of this comes from Spain, which exports oil crushed from imported soybeans (in great part from the United States) and can compete aggressively because of favorable financial terms and its close proximity to Morocco. Brazil also has surpassed the United States in exporting soybean oil to the market.

Continued on page 10

Middle East and North Africa[1]: Major Oilseed and Olive Oil Production and Crushing Capacity; U. S. Exports of Soybeans and Products; 1977 Estimates



* Denotes OPEC Member

U. S. Exports of Soybeans and Products in 1977:

- $12-45 Million
- $ 1-12 Million
- Below $1 Million

Production:

- ■ = 50,000 Tons Crude Oil Refining Capacity
- △ = 100,000 Tons Cottonseed Production
- ◆ = 100,000 Tons Peanuts
- ▲ = 100,000 Tons Sesameseed
- ● = 25,000 Tons Olive Oil
- ☼ = 10,000 Tons Sunflowerseed
- ✸ = 50,000 Tons Soybeans

[1] Excluding Israel

Growth of Brazilian Poultry Industry May Affect U.S. Exports

By C. James Shellard

Brazil's poultry industry has grown steadily during the past 20 years or so and that country now exports poultry meat in competition with U.S. product. Although these Brazilian sales are relatively minor at the present time, they probably will grow in importance in the future in view of expanding production and Government export assistance. At the same time, however, growth of the Brazilian poultry industry will probably help reduce competition in foreign markets between U.S. and Brazilian soybeans and feedgrains as more of these Brazilian commodities are consumed domestically.

Brazil's commercial broiler production began seriously in the late 1950's and by 1965 had reached an estimated 47,000 metric tons. It has grown at a rapid rate since then and broiler meat outturn reached 632,000 tons in 1977.

Growth in the egg industry was noticeable a few years before that of the poultry meat sector, and egg output reached 300 million dozen eggs by 1965 and 521 million dozen by 1977. However, the rate of egg production growth has slowed somewhat in the past several years.

Along with this growth in egg and poultry meat output has come a similar rise in production of mixed feeds. Growing by more than 100 percent between 1970 and 1976, the feed industry sells about three-fourths of its output to commercial poultry producers. Most of the remainder goes to the swine and dairy cattle industry. Being entirely grass fed, beef cattle consume no mixed feed.

Until 20 years ago, Brazil's poultry industry was based almost entirely on barnyard production.

The industry took a big step toward modernization in 1957 when it began to import American breeder chicks. Since about 1955 or so, development of the Brazilian poultry industry has been strongly influenced by developments in the United States. Following the lead of U.S. producers, Brazilian poultrymen have introduced large numbers of improved breeds, upgraded their technology and equipment, begun to use prepared poultry feeds, and engaged in disease control programs.

Major Brazilian poultry producers are situated in the southern part of the country. Countrywide, poultry outturn consists almost entirely of broilers and eggs. Turkeys, ducks, and geese are produced only on a small scale.

The growth in Brazil's production of broiler meat over the past 10 or 15 years has been close to spectacular. The following tabulation shows the climb in output of ready-to-cook broiler meat in the past 17 years, in 1,000 metric tons:

1960	15
1965	47
1970	217
1975	484
1976	552
1977	632

An additional 40,000-60,000 tons of poultry meat per year comes from the slaughter of laying and breeding hens.

São Paulo, Santa Catarina, and Rio Grande do Sul are the leading broiler producing States. There, the poultry industry is, to a great extent, well developed with modern installations and equipment. Some producers slaughter up to 2 million broilers per month. Chickens are raised in groups of the same age—12,000-24,000 or more at a time—along the lines of the "all in, all out" system common in the United States.

Broiler production in Santa Catarina, the area where the country's most rapid expansion is taking place, increased at the rate of about 55 percent per year from 1970 to 1975. Santa Catarina's poultry industry is fully integrated, more so than in the other Brazilian States.

Under Santa Catarina's current production system, the large slaughterhouses farm out chicks to small poultry producers. These raise the baby chicks and return them when they are about 60 days old and ready for slaughter. The small producers grow their own corn, but are supplied with mixed feed concentrates, vaccines and other inputs, and technical assistance. They receive a guaranteed prefixed payment.

The broiler meat produced and sold through commercial channels in Brazil is consumed only in urban areas. This means the market for the 603,000 tons of commercially produced chicken meat (broilers and hens) in 1976 consisted of about 67 million consumers. Thus, the average per capita consumption of poultry meat by this group during 1976 was about 9 kilograms (kg), about one-third of U.S. per capita consumption of about 24 kg. The remaining population of 48 million people also consumes sizable amounts of chicken meat, but it is produced by traditional methods and marketed through noncommercial channels.

Brazilian poultry producers still face many obstacles, one being that most consumers prefer beef. But this attitude is gradually changing in keeping with shifts in the relative price levels of beef and poultry meat.

Broiler prices are now lower than for beef, but prior to 1970 the situation was just the opposite. Currently, the retail price of eviscerated broilers [1] in the city of São Paulo is about $1.12 per kg, compared with $1.70 for beef. In addition, broiler meat is always available, whereas beef is sometimes subject to seasonal shortages.

Exports of broiler meat began in 1975 and are still minimal. In that year exports totaled 3,469 tons, valued at $3.2 million. During the following year exports rose to 19,636 tons, valued at $19.5 million, and in 1977 amounted to about 32,000 tons.

Principal foreign markets in 1976 were Persian Gulf

Mr. Shellard is an economist in the Office of the U.S. Agricultural Officer, São Paulo.

[1] Eviscerated chickens are sold with heads and feet.

countries—especially Saudi Arabia and Kuwait—but shipments were also made to Syria and Japan. About 80 percent of these exports originated in Santa Catarina. Whether poultry meat exports to the Middle East will continue to grow in the future is conjectural at the present time.

The poultry industry is handicapped by a lack of storage and shipping facilities, as well as a shortage of ships sailing regularly to the Mideast. But to keep exports at a high level, broiler shippers currently are entitled to a Government export incentive—a tax credit of 15 percent—calculated on f.o.b. values. Before January 1977, the incentive was only 5 percent. Exporters also are eligible for subsidized credit to help finance processing costs of broilers for export.

Recent growth in Brazil's commercial egg production has been slower than in the broiler sector. Expansion during the 1960's was rapid, but since that time production has tended to level off. The following tabulation illustrates the rise of Brazilian commercial egg output, in millions of dozens, during the past 17 years:

1960	250
1965	300
1970	470
1975	500
1976	510
1977	521

Commercial egg production in Brazil is concentrated in three States—São Paulo, Rio de Janeiro, and Rio Grande do Sul—together accounting for over 80 percent of national output. The relatively minor increases in outturn during the last several years is attributed to relatively low Government-decreed prices, which have reportedly reduced producer incomes.

Large egg producers—especially in São Paulo, producer of an estimated 70 percent of total commercial output—use relatively modern production techniques. Layers are kept in groups of the same age, are fed according to precise technical requirements, and are confined under rigid sanitary controls.

Commercial egg production also is centered around Brazil's large cities. Presumably, the consumption pattern for commercial eggs is roughly the same as that estimated for broilers.

Both poultry and egg production are subject to control by the Government, which applies standards of sanitation and fixes consumer price levels. The egg industry is currently subject to more rigid price controls than poultry meat producers.

The mixed feed industry depends on the poultry industry for most of its sales. Until recently, over 80 percent of mixed feeds went to the poultry sector. However, this relationship has weakened somewhat during the past few years as a larger proportion of feeds now goes to the dairy and swine sectors. The poultry industry, however, will continue to be the largest feed market for many years to come.

Trade estimates of mixed feed production, in terms of complete feed, expressed in thousands of tons, indicate that Brazilian output has increased as follows:

1965	1,680
1970	3,000
1975	6,880
1976	7,960

Currently, more than 5 million tons of Brazilian corn and over 1 million tons of soybean meal a year are being used by the mixed feed industry. □

Argentine Agriculture

Continued from page 4

is possible for 1977/78 (August-July) if weather continues favorable. This would be up 18 percent from last season—with a 16 percent gain in area, as well as good weather—contributing to the gain.

Last year, cotton exports were encouraged by a temporary lifting of the cotton export tax, and the Secretariat of Commerce has since extended the tax dismissal indefinitely. Total 1978 exports may reach 459,000 bales, compared with 347,000 bales last season.

Livestock production also is a traditionally important industry in Argentina, although it continues in the doldrums since partially recovering in 1976 from the European Community's virtual ban on imports of beef and veal from third countries. "The livestock industry is waiting for something to give it direction," said Rudbeck. "Argentina has plenty of meat and now is awaiting changes in the international market."

He explained that the virtual closure of the EC market in 1974 caused Argentine beef exports to plunge from as much as 700,000 tons a year in the early 1970's to only 266,000 in 1975. By 1976, exports had doubled as a result of Argentine success in finding new markets in the Middle East, Africa, and the USSR. Then exports rose about 15 percent, and a slight increase is expected in 1978.

"The meat is there, and if world demand should pick up, the Argentines can increase their exports," said Rudbeck.

Much of the potential export now is being absorbed locally, since consumers in Argentina—the biggest beef eaters in the world—are consuming about 90 kilograms per person per year, compared with only a little over 60 a few years back. "Should demand pick up, the price mechanism should take beef away from local consumption," Rudbeck said.

"Meanwhile, with 80 percent of domestic beef production consumed at home in a nation of only 25 million, the Argentine cattleman's best friend is the Argentine consumer . . . when Argentines have a beef surplus, they just eat it."

On the economic front, Argentina continues to suffer from a number of problems, including inflation, but there have been obvious improvements also.

The country had a serious balance of payments deficit at the time of the coup in 1976, but farmer response to the new Government policies helped move the country from a balance of trade deficit of $800 million in 1975 to a surplus of about that amount in 1976. The surplus grew another $200 million in 1977, and foreign exchange reserves at the end of 1977 were the highest ever.

Inflation also has come down some, although it still ranks among the highest in the world. Running as high as 40 percent a month in early 1976, inflation now is around 8-10 percent a month. The Government has been attempting to curb price gains without creating unemployment—a difficult course in the best of circumstances. □

Continued from page 7

Mideast/North Africa Soy Market

However, with the other traditional oilseed import—rapeseed—presently in disfavor because of the erucic-acid health question—the total market may widen. And U.S. soybean oil could share in the growth.

The United States has sold no soybean meal or soy protein to Morocco in the past 3 years. However, 47 tons of soy flour went there in 1977 for use in Government-sponsored school lunch programs, and a commercial outlet could develop using domestically crushed imported soybeans.

Morocco's 1978-82 plan calls for self-sufficiency in oilseeds and increased use of the country's two oilseed crushing plants. Toward this end, Morocco has put much emphasis on developing sunflowers but has not yet been able to better the 1972 bumper-crop level. Some limited production of soybeans also has been tried, in addition to peanuts and cottonseed.

Olive oil is by far the most important domestic oil in Morocco, with output totaling an estimated 28,000 tons in 1977/78. Production of other seed oils—including 8,130 tons from imported rapeseed and 2,270 from imported soybeans—totaled 18,180 tons in 1976.

A project for the construction of a vegetable oil bulk terminal in Tangier is being studied. Large ocean freighters would discharge oil there, where it would be stored for further distribution in the Mediterranean and African regions by smaller ships.

Oilseed crushing capacity of about 190,000 tons and oil refining capacity of 186,000 tons currently are not being fully utilized.

Jordan. In 1977 the United States shipped Jordan 2,135 tons of soybean meal, the first such sale in several years, and 217 tons of soybean oil.

Prospects for further increases are brightest for soybean meal, reflecting rapid expansion in private-sector poultry production. Moreover, Jordanian plans to improve the port of Aqaba, including a grain elevator and bulk handling facilities, will benefit U.S. exporters once feedgrains and ingredients can be imported in bulk rather than in bags.

Soy protein sales could benefit from the military's willingness to try soy proteins in its own kitchens. Jordan has a military cooks' school that trains about 100 students per year, including students from Kuwait, Qatar, the United Arab Emirates, Yemen, and Saudi Arabia. Some of these personnel continue on as cooks after they leave the military, providing an additional sales potential by word of mouth in countries currently not easily accessible to market development activities.

Syria. No U.S. soybeans and products moved to Syria last year, although 5,000 tons of U.S. soybean oil under Public Law 480 Title I, and a small amount of soybeans were shipped in 1976. Moreover, Syria's total vegetable oil imports have averaged only about 3,000 tons a year during the past 5 years.

U.S. exports must contend with the stiff price competition from finished oil, supplied largely by the Netherlands—much of it probably crushed from U.S. soybeans exported to Europe.

U.S. products are at a disadvantage in the market because of the lack of storage and bulk-handling facilities. These conditions may be temporary, however, as Syria is seeking further investment for unloading and bulk-storage facilities. Some are already under construction and should soon be able to handle imported bulk soybean meal and soybean oil. Soybean extraction plants also are planned.

Iraq. The United States sold 10,000 tons of soybean meal to Iraq in 1977, making this the third largest soybean customer in the region. Further growth is likely as a

Iraqi Team Visits U.S. Poultry Facilities

Three top-ranking officials in Iraq's State Animal Feed Company and General Poultry Organization recently completed a 3-week visit to the United States sponsored by FAS and the American Soybean Association (ASA). Starting with a briefing in Washington, the group—accompanied by Edward Quiñones, regional director of ASA's Madrid office—visited U.S. integrated poultry installations and research facilities and met with suppliers of soybean meal, breeding stock, and poultry equipment. From left: Dr. Saddah Thabit Majid, assistant director general, State Animal Feed Company; E. Quiñones; Dr. Shakir Muslih Hammadi, research head, General Poultry Company; Frank J. Piason, FAS/Washington; and Dr. Amram M. Mohammed, research and quality control director, State Animal Feed Company. Iraq is funneling petroleum export revenues into expansion of poultry production and oilseed crushing capacity.

result of heavy Government investment in poultry production and oilseed crushing plants.

For instance, a new extraction plant going into operation this June should boost crushing capacity to 300,000 tons. And reliable estimates hold that combined feed needs of planned broiler and egg production could create a demand for up to 200,000 tons of imported soybean meal or the equivalent in soybeans.

An FAS/ASA-sponsored Iraqi poultry team visiting the United States in early 1978 included the chief buyer of soybean meal from the State Animal Feed company and could lead to expanded purchases of U.S. soybean meal.

Lebanon. Before its civil war of 1975, Lebanon was the third largest outlet in the region for U.S. soybeans and products, taking about 22,000 tons of U.S. soybeans and 11,000 of U.S. soybean meal that year. These numbers fell sharply (all the way to zero for soybean meal) in 1976. But they recovered part way in 1977, when the United States shipped $4.7 million worth of soybeans and products, ranking Lebanon fifth among markets in the region.

As conditions normalize, Lebanon should become a major U.S. customer again and resume its role as a key transit point and processing center. Port facilities put out of commission by the war are returning to use, and earlier plans for expansion of oilseed crushing capacity may be implemented eventually.

Tunisia. So far, the United States has shipped to Tunisia only soybean oil, sales of which plummeted from 10,366 tons in 1975 to 179 in 1976 as a result of a ban on all vegetable oil imports in early 1976. This ban—intended to reduce large domestic supplies of olive oil—was relaxed in 1977, with exports recovering to 2,523 tons.

Competition has been chiefly from Brazil, France, and Spain.

Tunisia has no major crushing facilities for oilseeds. Soybean meal, however, might be imported in the future since emphasis is being placed on developing the livestock industry. Import subsidies on meal and corn, the lack of fixed producer prices, and the availability of low-interest credit have encouraged growth in egg and broiler production. There also is potential in the cattle and sheep sectors, where production has increased, although not as dramatically as that of poultry.

Libya. This market took 4,996 tons of U.S. soybean meal in 1977, its first such import from the United States. There is considerable potential for future exports of soybean meal, given Libya's concentration on expanding poultry output and its shift from exclusive reliance on imports of complete poultry rations.

However, some traders have reported difficulty in meeting Libyan contacts, strict contract terms, and other obstacles. A recently publicized deal between U.S. exporters and Libyan Government officials for a large quantity of U.S. soybean meal, for example, fell through at the last moment.

Algeria. U.S. sales to Algeria in 1977 totaled 4,627 tons of soybean meal and 510 of soybean oil. The United States has the potential to increase sales in both areas, despite competition in the market from France and Brazil. Crushing facilities are planned for the country, but probably will not begin operation for 3 or 4 years.

There also reportedly is some interest in using textured soy-protein flour in bread.

Saudi Arabia. U.S. exports of soybean meal to Saudi Arabia have increased steadily, reaching 8,548 tons in 1977.

Further growth will be determined by the pace of expansion in production of Saudi poultry and livestock (especially sheep).

Efforts are being made to boost production of eggs and poultry—the latter from the current level of about 2 million birds. There also is some interest in range-sheep production integrated with drylot feeding, and the Government is encouraging integrated operations for beef and dairy.

Currently, about 110,000 tons of meat are consumed domestically each year, with imports accounting for about half the total. Moreover, meat consumption is expected to increase by 5-6 percent annually from the present 16 kilograms per capita.

Sudan. Total U.S. exports of soybeans and products to Sudan came to only $52,000 in 1977. However, the future holds considerable promise, since Sudan has the greatest agricultural potential of any country in the Middle East and North Africa. Even now, Sudan is the largest oilseed producer in the region—producing cottonseed, peanuts, and sesame.

Sudan's new 6-year plan (1977-83) will put about $2 billion into agriculture and coincide with the first phase of a 25-year development plan of the Arab Fund for Economic and Social Development. Increased meat production is one of the goals of over 100 projects planned for the next 6 years. Soybean meal need would grow as a consequence.

Others. Among the seven remaining countries are the OPEC members, Kuwait, Oman, Qatar, United Arab Emirates, and Bahrain. All of these have per capita incomes well over the $1,018 mean average in the Middle East and North Africa, but also have fewer than 1 million inhabitants. Their high living standards make them potential markets for consumer-ready soybean oil and soy protein foods. Kuwait, the largest and most wealthy of these, has been a past customer for U.S. soybean meal, and is planning further development of its poultry industry.

Yemen has a relatively strong agriculture but like its neighbor, South Yemen, has low per capita income and at present limited market potential. □

Foreign Agriculture

Vol. XVI No. 15 April 10, 1978

Bob Bergland, Secretary of Agriculture.

Dale E. Hathaway, Assistant Secretary for International Affairs and Commodity Programs.

Thomas R. Hughes, Administrator, Foreign Agricultural Service.

Editorial Staff: Kay Owsley Patterson, Editor; Beverly J. Horsley, Assoc. Editor; G. H. Baker; Marcellus P. Murphy; Aubrey C. Robinson, Isabel A. Smith; Lynn A. Krawczyk.

Advisory Board: Richard A. Smith, Chairman; Richard M. Kennedy; J. Don Looper; Larry N. Marton; Brice K. Meeker; Jimmy D. Minyard; Steve Washenko.

The Secretary of Agriculture has determined that publication of this periodical is necessary in the transaction of public business required by law of this Department. Use of funds for printing *Foreign Agriculture* has been approved by the Director, Office of Management and Budget, through June 30, 1979. Yearly subscription rate: $38.00 domestic, $48.00 foreign; single copies 80 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

Contents of this magazine may be reprinted freely. Use of commercial and trade names does not imply approval or constitute endorsement by USDA or Foreign Agricultural Service.

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

PENALTY FOR PRIVATE USE, $300
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF
AGRICULTURE
AGR 101

U.S.MAIL

First Class

FA SERIA300SBISSDUE032R
SERIALS PROCESSING
XEROX UNIV MICROFILMS
300 N ZEEB RD
ANN ARBOR MI 48106

Wheat Export Sales Decline: Corn, Cotton Activity Up

The Office of the General Sales Manager, USDA, reported the following U.S. export sales of key farm commodities for the week ending March 19 (based on reports from exporters unless otherwise noted):

Wheat: New sales (190,600 metric tons) were the lowest for any week this marketing year. Egypt (under P.L. 480) and Japan were the only notable buyers. Several other countries made nominal additions to existing contracts. Adjustment of contracts and assignment of final destinations caused a net decline in sales to unknown destinations.

Portugal, the German Democratic Republic, the USSR, and Brazil were named as final destinations on virtually all switches from previously unknown destinations. Under the daily system, optional-origin sales of 100,000 tons for MY1977/78 to Morocco were declared as U.S. origin and 100,000 tons to unknown destinations were cancelled. Exports continued slow, partly because of port congestion.

Corn: New sales activity (1,842,100 tons) was the third largest so far this marketing year. The USSR, Japan, and the Netherlands accounted for more than 77 percent of the net increase. Significant new sales to unknown destinations were more than 77 percent of the net increase. Significant new sales to unknown destinations were more than offset by the assignment of final destinations on sales to previously unknown destinations. Sales of 47,100 tons were assigned and exported to Bulgaria—the first sale to that country this marketing year.

Daily sales reports show a net increase in USSR purchases for MY1977/78 of 609,400 tons switched from unknown destinations and 160,000 tons cancelled. Additional 1977/78 sales under the daily system included 186,040 tons to Spain and 101,606 tons to unknown destinations. A moderate pickup in exports was reported as 1,013,100 tons were shipped.

Sorghum: Activity was limited, with the only new sales of significance to Poland. Unknown-destination sales of 25,400 tons were assigned to Japan and shipped. Exports were moderate.

Rice: Commercial export activity was slow. The initial sale of the marketing year to the Dominican Republic was reported. Saudi Arabia's purchase of 7,800 tons pushed that country's total for the marketing year to nearly 190,000 tons. Sales of 12,000 tons of long-grain milled rice to unknown destinations also were reported.

Soybeans: Sales activity (268,200 tons) declined from the hectic pace of recent weeks with Japan accounting for over 50 percent of the net new sales. Contract adjustments and destination changes reduced sales to Romania, the United Kingdom, and unknown destinations. Net sales for 1978/79 (117,300 tons) were to Portugal, the European Community, and unknown destinations. Exports (384,900 tons) slowed, going principally to the EC, other West European destinations, Japan, and Taiwan.

Soybean cake and meal: market interest was slow as sales were principally to the EC, Eastern Europe, Zambia (the first for the marketing year), and Japan. Sales to unknown destinations declined as final destinations were assigned. Exports (123,100 tons) were up almost threefold from the previous week's level with the EC and Eastern Europe the major importers. The initial shipment to Korea for the marketing year (18,600 tons) was reported.

Soybean oil: Much of the sales activity was for 1978/79 with sales of 1,000 tons to India and 10,000 tons to unknown destinations. India, Pakistan, and Peru accounted for most of the limited 1977/78 sales. Optional-origin sales declined by 20,750 tons as sales to India were assigned origins other than the United States. Pakistan and India received most of the 17,700 tons exported during the week.

Cotton: Sales activity remained very strong, reaching the third largest volume this marketing year. MY 1977/78 sales of 83,300 running bales (RB) were principally to Japan (40,700 RB), Taiwan (17,000 RB), and Hong Kong (10,800 RB). MY1978/79 sales of 86,800 running bales were mainly to Taiwan, Japan, Korea, and Hong Kong. Exports of 219,300 running bales exceeded the previous weekly record for this marketing year by 22 percent. Asian countries were the destinations for 75 percent of the exports and 29,500 running bales were shipped to Egypt, the first this marketing year.

Barley and oats: No significant activity. □

Prepared by USDA's Office of the General Sales Manager. For additional information telephone (202) 447-9209.